

HOUSE BILL 404

A2

11r0770
CF SB 296

By: **Washington County Delegation**

Introduced and read first time: February 4, 2011

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Washington County – Alcoholic Beverages – Micro–Breweries**

3 FOR the purpose of adding Washington County to the list of counties in which a Class
4 7 micro–brewery license may be issued; authorizing the Comptroller to issue the
5 license in the county to holders of certain retail alcoholic beverages licenses;
6 adding the county to the list of counties in which a Class 7 micro–brewery
7 licensee may sell at retail beer for consumption off the premises under certain
8 circumstances; providing for the hours and days for consumer sales under the
9 license; and generally relating to alcoholic beverages in Washington County.

10 BY repealing and reenacting, without amendments,
11 Article 2B – Alcoholic Beverages
12 Section 2–208(a), (c), and (e)
13 Annotated Code of Maryland
14 (2005 Replacement Volume and 2010 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article 2B – Alcoholic Beverages
17 Section 2–208(b), (d), and (f)
18 Annotated Code of Maryland
19 (2005 Replacement Volume and 2010 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
21 MARYLAND, That the Laws of Maryland read as follows:

22 **Article 2B – Alcoholic Beverages**

23 2–208.

24 (a) There is a Class 7 micro–brewery (on– and off–sale) license.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) The license shall be issued:

2 (1) By the State Comptroller;

3 (2) Only in the following jurisdictions:

4 (i) Allegany County;

5 (ii) Baltimore City;

6 (iii) Baltimore County;

7 (iv) The City of Annapolis;

8 (v) Anne Arundel County;

9 (vi) Calvert County;

10 (vii) Carroll County;

11 (viii) Charles County;

12 (ix) Dorchester County;

13 (x) Frederick County;

14 (xi) Garrett County;

15 (xii) Harford County;

16 (xiii) Howard County;

17 (xiv) Montgomery County;

18 (xv) Prince George's County;

19 (xvi) Talbot County;

20 (xvii) **WASHINGTON COUNTY;**

21 **(XVIII)** Wicomico County; and

22 **[(xviii)] (XIX)** Worcester County;

23 (3) (i) Only to a holder of a Class B beer, wine and liquor (on-sale)
24 license that is issued for use on the premises of a restaurant located in a jurisdiction
25 listed in paragraph (2) of this subsection; or

1 (ii) To a holder of a Class D alcoholic beverages license that is
2 issued for use on the premises of the existing Class D license if the premises are
3 located in [the]:

4 1. **THE 22nd Alcoholic Beverages District of Prince**
5 **George's County; OR**

6 2. **WASHINGTON COUNTY; and**

7 (4) In addition to item (3) of this subsection, in Montgomery County
8 only to a holder of a Class H beer and light wine license that is issued for use on the
9 premises of a restaurant located in the County.

10 (c) (1) A holder of a Class 7 micro-brewery license:

11 (i) May brew and bottle malt beverages at the license location;

12 (ii) May obtain a Class 2 rectifying license for a premises
13 located within 1 mile of the existing Class 7 micro-brewery location to bottle malt
14 beverages brewed at the micro-brewery location only;

15 (iii) May contract with the holder of a Class 5 brewery license, a
16 Class 7 micro-brewery license, or a Class 2 rectifying license held under § 2-203 of
17 this subtitle or the holder of a nonresident dealer's permit to brew and bottle malt
18 beverages on their behalf;

19 (iv) May store the finished product under an individual storage
20 permit or at a licensed public storage facility for subsequent sale and delivery to a
21 licensed wholesaler, an authorized person outside this State, and for shipment back to
22 the micro-brewery location for sale on the retail premises;

23 (v) May not collectively brew, bottle, or contract for more than
24 22,500 barrels of malt beverages each calendar year; and

25 (vi) May enter into a temporary delivery agreement with a
26 distributor only for delivery of beer to a beer festival or wine and beer festival and the
27 return of any unused beer if:

28 1. The beer festival or wine and beer festival is in a sales
29 territory for which the holder does not have a franchise with a distributor under the
30 Beer Franchise Fair Dealing Act; and

31 2. The temporary delivery agreement is in writing.

1 (2) A Class 7 licensee who wishes to produce more than the barrelage
2 authorized under paragraph (1)(v) of this subsection shall divest of any Class B, D, or
3 any other retail license and obtain a Class 5 manufacturer's license.

4 (3) For the purposes of determining the barrelage limitation under
5 paragraph (1)(v) of this subsection, any salable beer produced under contractual
6 arrangements accrues only to the Class 7 micro-brewery licensee who is the brand
7 owner.

8 (4) In Allegany County only, the holder of a Class 7 license:

9 (i) May brew in one location and may contract for the bottling
10 of the malt beverage in another location; and

11 (ii) Need not meet the hotel/motel requirements for a Class B
12 beer, wine and liquor licensee but shall meet the requirements for those Class B
13 restaurants.

14 (d) (1) The on-sale privilege authorizes the holder, each calendar year, to
15 sell at retail up to 4,000 barrels of beer brewed under this license to customers for
16 consumption on the licensed premises.

17 (2) The off-sale privilege authorizes the holder to sell and deliver beer
18 brewed under this license to:

19 (i) Any wholesaler licensed under this article to sell beer in this
20 State; or

21 (ii) Any person who is located in a state other than Maryland
22 who is authorized under the laws of that state to receive brewed beverages.

23 (3) (i) This paragraph applies only in:

24 1. Allegany County;

25 2. The City of Annapolis;

26 3. Anne Arundel County;

27 4. Baltimore City;

28 5. Baltimore County;

29 6. Calvert County;

30 7. Carroll County;

31 8. Charles County;

- 1 9. Dorchester County;
- 2 10. Frederick County;
- 3 11. Garrett County;
- 4 12. Harford County;
- 5 13. Howard County;
- 6 14. Montgomery County;
- 7 15. Prince George’s County;
- 8 16. Talbot County;
- 9 17. **WASHINGTON COUNTY;**
- 10 18. Wicomico County; and
- 11 [18.] 19. Worcester County.

12 (ii) The holder may sell at retail beer brewed under this license
 13 to customers for consumption off the licensed premises in refillable containers that are
 14 sealed by the micro–brewery licensee at the time of each refill.

15 (e) A holder of a Class 7 micro–brewery license:

16 (1) May not own, operate or be affiliated with any other manufacturer
 17 of beer except for a Class 2 rectifying license authorized by subsection (c)(1)(ii) of this
 18 section; and

19 (2) Notwithstanding § 2–201(b) of this subtitle, may not be granted a
 20 wholesale alcoholic beverages license.

21 (f) (1) The hours and days for consumer sales under this license are as
 22 established for a Class B license in the respective jurisdictions listed in subsection
 23 (b)(2) of this section.

24 (2) For Class D licensees in the 22nd Alcoholic Beverages District in
 25 Prince George’s County only, the hours and days for consumer sales under this license
 26 are as established for a Class D license in Prince George’s County.

27 **(3) FOR CLASS D LICENSEES IN WASHINGTON COUNTY, THE**
 28 **HOURS AND DAYS FOR CONSUMER SALES UNDER THIS LICENSE ARE AS**
 29 **ESTABLISHED FOR A CLASS D LICENSE IN WASHINGTON COUNTY.**

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2011.